

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

DECEMBER 17, 2012

MINUTES

DIRECTORS
PRESENT:

William W. Wilson, Chair, Public Member
Tracy Towner, Vice Chair, Safety Employee Member
Peter C. Foy, Public Member
Arthur E. Goulet, Retiree Member
Albert G. Harris, Public Member
Steven Hintz, Treasurer-Tax Collector
Joseph Henderson, Public Member
Tom Johnston, General Employee Member
Chris Johnston, Alternate Employee Member
Will Hoag, Alternate Retiree Member

DIRECTORS
ABSENT:

Robert Hansen, General Employee Member

STAFF
PRESENT:

Donald C. Kendig, Retirement Administrator
Henry Solis, Chief Financial Officer
Lori Nemiroff, Assistant County Counsel
Chantell Garcia, Retirement Benefits Specialist
Glenda Jackson, Program Assistant

PLACE:

Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME:

9:00 a.m.

ITEM:

I. INTRODUCTION OF MEETING

Chairman Wilson called the Business Meeting of December 17, 2012, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

Mr. Goulet requested item IV.G. Hewitt EnnisKnupp Authorization to Share VCERA Performance Data, be removed from Consent Agenda and placed under item V. INVESTMENT INFORMATION.

Staff recommended that Agenda item VII.B. Pensionable Compensation under the California Public Employees' Pension Reform Act (CalPEPRA) be amended to include the addition of a letter submitted by Michael Powers, County Executive Officer, in support of adoption of a pensionable compensation resolution.

MOTION: Judge Hintz moved, seconded by Mr. Goulet, to approve the agenda as modified.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

III. APPROVAL OF MINUTES

A. Disability Meeting of December 3, 2012.

Mr. Goulet requested the following correction:

Master Page No. 4, under Directors Present, add "Albert G. Harris, Public Member."

MOTION: Mr. Harris moved, seconded by Mr. Henderson, to approve the minutes of December 3, 2012 as corrected.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

IV. CONSENT AGENDA

THE FOLLOWING ITEMS ARE ANTICIPATED TO BE ROUTINE AND NON CONTROVERSIAL. CONSENT ITEMS WILL BE APPROVED WITH ONE MOTION IF NO MEMBER OF THE BOARD WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND TRANSFERRED TO THAT SECTION OF THE AGENDA DEEMED APPROPRIATE BY THE CHAIR.

A. Regular and Deferred Retirements and Survivors Continuances for the Month of November 2012.

IV. **CONSENT AGENDA (continued)**

- B. Report of Checks Disbursed in November 2012.
- C. Asset Allocation as of November 2012.
- D. Statement of Plan Net Assets, Statement of Changes in Plan Net Assets, and Investments & Cash Equivalents for the Month Ended August 31, 2012.
- E. Budget Summary – Year to Date as of October 2012, Fiscal-Year 2012-13.
- F. Private Equity Fee Invoicing Requests.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to approve the Consent Agenda Items IV.A. - F.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

END OF CONSENT AGENDA

V. **INVESTMENT INFORMATION**

- A. RREEF America III Annual Investment Presentation, Jay Miller and Michelle Wells. (30 minutes)

Jay Miller and Michelle Wells were present on behalf of RREEF America III to review the firm's organization, investment results for VCERA's accounts, investment process, and outlook.

No Action Taken.

- B. Hewitt EnnisKnupp, Russ Charvonja, ChFC, CFP, Esq. Kevin Vandolder, CFA, and Kevin Chen.

- 1. Monthly Manager Performance Report, November 2012.

MOTION: Mr. Goulet moved, seconded by Mr. Harris, to receive and file the Monthly Manager Performance Report for November 2012.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

V. INVESTMENT INFORMATION (continued)

2. Highlights and Research, December 2012.

Russ Charvonja, of Hewitt EnnisKnupp, provided an oral private equity update to the Board.

No Action Taken.

a. Securities Lending Report

MOTION: Judge Hintz moved, seconded by Mr. Harris, to receive and file the Securities Lending Report.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

b. Revised Tactical Rebalancing Policy Proposal

The Policy will be found in the Investment Policy Statement (IPS) once the IPS is finalized.

MOTION: Judge Hintz moved, seconded by Mr. Henderson, to approve the Revised Tactical Rebalancing Policy Proposal.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

c. Liquid Alternative Strategies (Global Tactical Asset Allocation (GTAA), Real Return and Risk Parity)

Hewitt EnnisKnupp will invite one representative manager from each strategy to present an educational presentation to the Board on its respective strategy.

d. RV Kuhns Peer Report Memo

e. Fixed Income Benchmarking and Tactical vs. Passive Memo

f. Investment Policy Statement (IPS) and Manager Guidelines

Mr. Goulet requested that the item be continued so that he can provide comments to Hewitt EnnisKnupp for incorporation prior to the next hearing of this item.

V. INVESTMENT INFORMATION (continued)

The Chair directed that staff continue Item V.B.2.f. Investment Policy Statement (IPS) and Manager Guidelines to the next business meeting.

- g. Fiscal Cliff
- h. Capital Market Assumptions
- i. Medium Term Views

MOTION: Mr. Harris moved, seconded by Mr. C. Johnston, to receive and file items V.A.5. c., d., e., g., h., and i.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

Mr. Wilson recognized Kevin Vandolder for his superb service to the Board of Retirement. Russ Charvonja thanked Kevin Vandolder for his work.

- C. Hewitt EnnisKnupp Authorization to Share VCERA Performance Data. (Originally item IV.G of the Consent Agenda)

MOTION: Mr. T. Johnston moved, seconded by Mr. Towner, to authorize the Administrator to send a letter to Hewitt EnnisKnupp directing Hewitt EnnisKnupp to share VCERA performance data with M^{cube}.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

VII. OLD BUSINESS

The Board agreed to move item VII.B. Pensionable Compensation under the California Public Employees' Pension Reform Act (CalPEPRA) to before the hearing of item VI. ACTUARIAL INFORMATION.

- B. Pensionable Compensation under the California Public Employees' Pension Reform Act (CalPEPRA).

Received public comment from Stephen Silver, Attorney at Law; Paul Derse, County Executive Office; Ramon Rubalcava, SEIU; Craig Winter, SEIU, Karianne R. Steele, Associate of Weinberg, Roger & Rosenfeld; and David Grau, Ventura County Taxpayers Association.

VII. OLD BUSINESS (continued)

- B. Pensionable Compensation under the California Public Employees' Pension Reform Act (CalPEPRA). (continued)

The Board discussed Board Counsel interpretation Option 2, which is an interpretation of Government Code (GC) Section 7522.34 that includes skills-based and service-based pay items, on top of base pay, that are not specifically excluded per subdivision (c) of GC Section 7522.34.

MOTION: Mr. Towner moved, seconded by Mr. T. Johnston, to tentatively adopt Board Counsel interpretation Option 2 pending a 60-day waiting period.

Motion passed. Mr. Hansen absent. Mr. C. Johnston voting. Mr. Foy, Mr. Harris, Mr. Henderson, Mr. Wilson voting no.

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, directing the Administrator to send a letter to Christine Cohen, Auditor-Controller, requesting her office to sequester the difference between base pay only and base pay plus special compensation items, except the ones specifically excluded per subdivision (c) of GC Section 7522.34.

Motion passed. Mr. Hansen absent. Mr. C. Johnston voting. Mr. Foy, Mr. Harris, Mr. Henderson, Mr. Wilson voting no.

VI. ACTUARIAL INFORMATION

- A. June 30, 2012 Actuarial Valuation.

1. June 30, 2012 Actuarial Valuation Report.
2. Three-year Phase-in of Employer Contribution Rates.

MOTION: Mr. Goulet moved, seconded by Mr. T. Johnston, to acknowledge the receipt of the June 30, 2012, Actuarial Valuation Report and Three-year Phase-in of Employer Contributions Memo and to direct staff to notify all employee organizations recognized by Ventura County, including said reports

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

VI. ACTUARIAL INFORMATION (continued)

- B. Special Actuarial Study for the California Public Employees' Pension Reform Act (CalPEPRA).

Judge Hintz left the meeting at 12:52 p.m. and returned to the meeting at 12:55 p.m.

Mr. Towner left the meeting at 12:55 p.m. and returned to the meeting at 12:56 p.m.

Mr. T. Johnston left the meeting at 1:11 p.m. and returned to the meeting at 1:15 p.m.

MOTION: Mr. Goulet moved, seconded by Judge Hintz, to receive, file and adopt the recommended rates contained within the special actuarial study for CalPEPRA and to direct staff to distribute the study to all employee organizations recognized by Ventura County.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

VII. OLD BUSINESS

- A. Election Policy Review, Board Member Terms, and Proposed Election Schedule.

Judge Hintz left the meeting at 1:26 p.m. and returned at 1:28 p.m.

Final policy adoption was subject to a 30-day comment period. The correction to the Safety Member terms will be made during the succeeding terms, allowing incumbents to complete their current terms. The correction to the General Member term filled by Mr. Hansen will be corrected with the upcoming election in February.

MOTION: Mr. Henderson moved, seconded by Mr. T. Johnston, to approve and adopt the Election Policy Review, Board Member Terms, and Proposed Election Schedule.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

VIII. NEW BUSINESS

- A. Compensation Earnable under the California Public Employees' Pension Reform Act (CalPEPRA).

MOTION: Mr. Henderson moved, seconded by Mr. Goulet, to receive and file the Compensation Earnable under the California Public Employees' Pension Reform Act (CalPEPRA) staff report.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

- B. Request to Attend the CALAPRS 2013 General Assembly – Retirement Administrator and Interested Trustees.

MOTION: Mr. Harris moved, seconded by Mr. Goulet, to authorize the Retirement Administrator to attend the CALAPRS 2013 General Assembly.

Motion passed unanimously. Mr. Hansen absent. Mr. C. Johnston voting.

IX. PUBLIC COMMENT

Staff wished the Board a very happy holiday season.

X. BOARD MEMBER COMMENT

Mr. Foy briefly reflected on comments made during the Pensionable Compensation item.

XI. ADJOURNMENT

The meeting was adjourned at 1:30 p.m.

Respectfully submitted,



DONALD C. KENDIG, CPA, Retirement Administrator

Approved,



WILLIAM W. WILSON, Chairman